

DEC 23 2020

RECEIVED

Larry L. Fitzgerald
COPA Monitor
6689 Hastings Lane
Franklin, TN 37069

December 21, 2020

Lisa M. Piercey, MD, MBA, FAAP
Commissioner, Tennessee Department of Health
700 James Robertson Parkway
Nashville, TN 37243

Dear Dr. Piercey:

The Terms of Certification requires Ballad to provide Total Charity Care each year in an amount greater than what both Wellmont Health System and Mountain States Health Alliance provided in 2017, which is called Base Charity Care. If Total Charity Care is below Base Charity Care for any annual reporting period, the Terms of Certification provides Ballad the opportunity to include in its Annual Report an explanation of why Total Charity Care is below. The COPA Monitor will provide a decision as to the appropriateness of the explanations provided by Ballad of why Total Charity Care is below the Base Charity Care.

Ballad's Annual Report for fiscal year 2020 shows that Total Charity Care is \$60,352,445, and the Base Charity Care minimum requirement for fiscal year 2020 is \$105,960,478, which is a shortfall in Total Charity Care of \$45,608,033. Ballad made a formal request to me for a waiver from the Total Charity Care requirement for fiscal year 2020.

The following changes have occurred since 2017 when the Base Charity Care minimum was established:

- Inpatient admissions and emergency department visits dropped across all payors, including charity patients in 2020 as compared to 2017. This drop reduced Total Charity Care by \$17,000,000 in 2020.
- TennCare payments increased \$12,032,000 in 2020 as compared to 2017, which is a direct reduction in Total Charity Care.
- Virginia expanded its Medicaid program and increased the payment rates to hospitals for Medicaid patients. These two changes reduced Total Charity Care by approximately \$17,000,000 in 2020 as compared to 2017.
- The computation of Base Charity Care was computed in error that overstated the Total Base Charity Care by \$3,822,418.

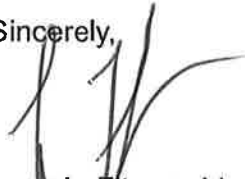
In 2020 the COPA Monitor did not receive any complaints from citizens suggesting care was not provided or delayed because the citizen was uninsured. However, the monitors from Tennessee and Virginia have requested Ballad complete an audit of patient access processes to provide

documented support that uninsured patients are not restricted from receiving required medical care at Ballad. The audit should be completed in fiscal year 2021.

In 2019 the Commonwealth of Virginia made fundamental and sweeping changes to its Medicaid program that will permanently reduce the number of patients requiring charity care at Ballad. Based on the facts in place today, Ballad will likely never provide Total Charity Care above the Base Charity Care minimum established in 2017. The TN Department of Health has requested that the Base Charity Care minimum be updated in the Terms of Certification based on current facts and circumstances to make it a more relevant standard.

Based on the analysis provided by Ballad and my knowledge of changes that have occurred in the Medicaid programs at both states, I approve the Ballad request to waive the Terms of Certification minimum Total Charity Care requirement for fiscal year 2020.

Sincerely,



Larry L. Fitzgerald
COPA Monitor

CC Janet Kleinfelter

✓ Judi Knecht
Dennis Barry
Kevin Meyer
Marvin Eichorn
Lynn Krutak